
March 1998

MEDIGAP INSURANCE

Compliance With Federal Standards Has Increased



**Health, Education, and
Human Services Division**

B-278866

March 6, 1998

The Honorable Donna E. Shalala
Secretary of Health and Human Services

Dear Madam Secretary:

Millions of Medicare beneficiaries depend on private insurance to cover Medicare's deductibles and coinsurance and spent over \$12 billion to purchase such insurance in 1995. In 1980, the Congress established federal requirements for the sale and marketing of insurance policies designed to supplement Medicare, commonly called Medigap policies. The Congress acted in response to identified marketing abuses and low benefit payouts and has since amended the Medigap requirements several times to further protect consumers and enhance the economic value of policies.

One area the law covers is required minimum loss ratios—the percentage of premiums returned to policyholders as benefits—and refunds or credits when loss ratios fall below standards that currently stand at 65 percent for policies sold to individuals and 75 percent for policies sold to groups. The Congress stipulated that states would continue to regulate Medigap policies as long as they have standards that are equal to or more stringent than federal standards. States that adopt the National Association of Insurance Commissioners' (NAIC) model act and regulation meet this requirement. We are required to report to the Secretary of Health and Human Services and each state at least every 3 years on insurers' compliance with loss ratios and standards. This is our second report under this mandate.¹

Our objectives were to obtain information on the overall Medigap market, determine which Medigap policies had loss ratios below the standards in 1994 and 1995, and identify which policies resulted in refunds or credits or, if not, why. We obtained NAIC computer files for 1994 and 1995 that summarized loss ratio data for all Medigap policies to determine those with loss ratios below the standards. We tested the accuracy of NAIC's 1995 database by comparing its data with information on a randomly selected sample of reports of Medigap business prepared by insurers and filed with NAIC. Our verification showed that NAIC accurately created the 1995 database. Neither we nor NAIC verified the accuracy of the Medigap business reports. Because the verification of databases for 1988 to 1993

¹Our previous report was *Medigap Insurance: Insurers' Compliance With Federal Minimum Loss Ratio Standards, 1988-91* ([GAO/HEHS-94-47](#), Feb. 7, 1994).

yielded no material discrepancies, we decided to only test the 1995 database. We then contacted all the states, the District of Columbia, and Puerto Rico to obtain information on policies that had refunds or credits. We also obtained copies of the refund calculation forms submitted to states by insurers for a sample of policies with loss ratios below the standards to determine why insurers provided no refunds or credits. We did our work from September 1996 to January 1998 in accordance with generally accepted government auditing standards. (See app. I for additional details on our methodology.)

Results in Brief

From 1988 through 1995, the Medigap insurance market grew from \$7 billion to over \$12 billion with most of the growth occurring before 1993. During this 8-year period, loss ratios averaged 81 percent and ranged from a low of 76 percent in 1993 to a high of 86 percent in 1995. In 1994 and 1995, over 90 percent of the policies in force for 3 years or more, representing most of the premium dollars, met loss ratio standards. Premiums for policies with loss ratios below standards totaled \$448 million in 1994 and \$203 million in 1995. Loss ratios varied substantially among states, among different benefit packages, and among insurers.

Although thousands of individual policy forms had loss ratios below standards, no refunds were required in 1994 and only two were required in 1995. The refund provision did not apply because most of these policies' loss experience was based on too few policyholders to be considered credible under NAIC's refund calculation methodology. A number of policies had a cumulative loss ratio—the factor used to measure compliance—above that required under NAIC's refund calculation method. A primary reason for requiring refunds was to give insurers an incentive for meeting loss ratio standards, and the high proportion of premium dollars for policies doing so indicates the incentive is working.

Background

Federal Medigap standards were first established by section 507 of the Social Security Disability Amendments of 1980 (P.L. 96-265), which added section 1882 to the Social Security Act (42 U.S.C. 1395 ss). Section 1882 set forth federal requirements that insurers must meet for marketing policies as supplements to Medicare and established criminal penalties for marketing abuses. As originally enacted, one of the requirements was that policies had to be expected to return specified portions of premiums as benefits—60 percent for policies sold to individuals and 75 percent for

those sold to groups. Insurers were considered to have met the loss ratio requirement if their actuarial estimates showed that their policies were expected to do so. Actual loss ratios did not have to be compared with the loss ratio standards. At that time, insurers generally reported loss ratio data to the states in aggregate—that is, a combined total for all policies sold in the state. If states had wanted to verify compliance, this reporting method would not have allowed them to do so for particular policies. In 1986, we reported² that section 1882 had helped protect against substandard and overpriced policies. We also pointed out the problem of insurers reporting aggregate loss ratio data and that actual loss ratios were not compared with the standards to verify compliance.

Section 221 of the Medicare Catastrophic Coverage Act of 1988 (P.L. 100-360) amended section 1882 to require that insurers report their actual loss ratios to the states. The Omnibus Budget Reconciliation Act (OBRA) of 1990 (P.L. 101-508) required essentially that Medigap policies be standardized and that a maximum of 10 different benefit packages would be allowed. The act also increased the loss ratio standard for individual policies to 65 percent for policies sold or issued after November 5, 1991. Effective beginning in 1997, the 65-percent standard was applied to policies issued before November 6, 1991, by the Social Security Amendments of 1994 (P.L. 103-432).

The 1990 amendments also required that insurers pay refunds or provide credits to policyholders when Medigap policies fail to meet loss ratio standards. As implemented in the NAIC model law and regulations, a cumulative 65-percent loss ratio for individual policies (75-percent for group policies) must be met over the life of a policy, which NAIC assumed to be 15 years. NAIC's methodology compares a policy's actual loss ratio for a given year with a benchmark (or target) ratio for that year, calculated using cumulative premium and claim experience. If a policy's actual loss ratio does not meet the benchmark ratio, the insurer must complete further calculations to determine whether a refund or credit is necessary to bring the loss ratio up to standard. Loss ratios on a calendar-year basis for an individual policy are expected to be 40 percent the first year, 55 percent the second year, and 65 percent the third year. Annual loss ratios would continue to increase until they reach 77 percent by the 12th year and remain at that level for the remainder of the 15-year period. This approach anticipates that the higher loss ratios in the third and later years would offset the lower loss ratios in the first 2 years. The methodology is

²Medigap Insurance: Law Has Increased Protection Against Substandard and Overpriced Policies (GAO/HRD-87-8, Oct. 17, 1986).

designed to ensure a cumulative 65-percent loss ratio for individual policies by the end of a 15-year period. This same approach is used for ensuring a 75-percent loss ratio by the end of a 15-year period for group policies.

NAIC's methodology for determining whether a refund or credit is required also includes a tolerance adjustment based on the number of policyholders and the length of time they have held their policies. A policy loss ratio based on less than 500 life-years of exposure since inception is considered not credible, and no refund or credit is required. After 10,000 life-years have accumulated, a policy is considered fully credible. According to an NAIC actuarial advisory group and several insurance regulators, this tolerance adjustment helps ensure that refunds or credits will not occur so often in the early years of policy experience that large premium increases will result in later years.

An important factor in evaluating loss ratios is a policy's credibility—that is, whether enough people have been covered under the policy to make the loss ratio meaningful. We used two measures of credibility. First, to make the data in this report comparable with the data in our earlier reports, we used a threshold of \$150,000 in premiums in a given year in a state.³ Information in this report on loss ratios that includes years before 1994 use this measure. Second, we used a modification of NAIC's refund methodology, which, as discussed above, measures credibility by the number of policyholders and the number of years they have held their policies. We used this method to assess whether policies met the applicable loss ratio standards in 1994 and 1995.

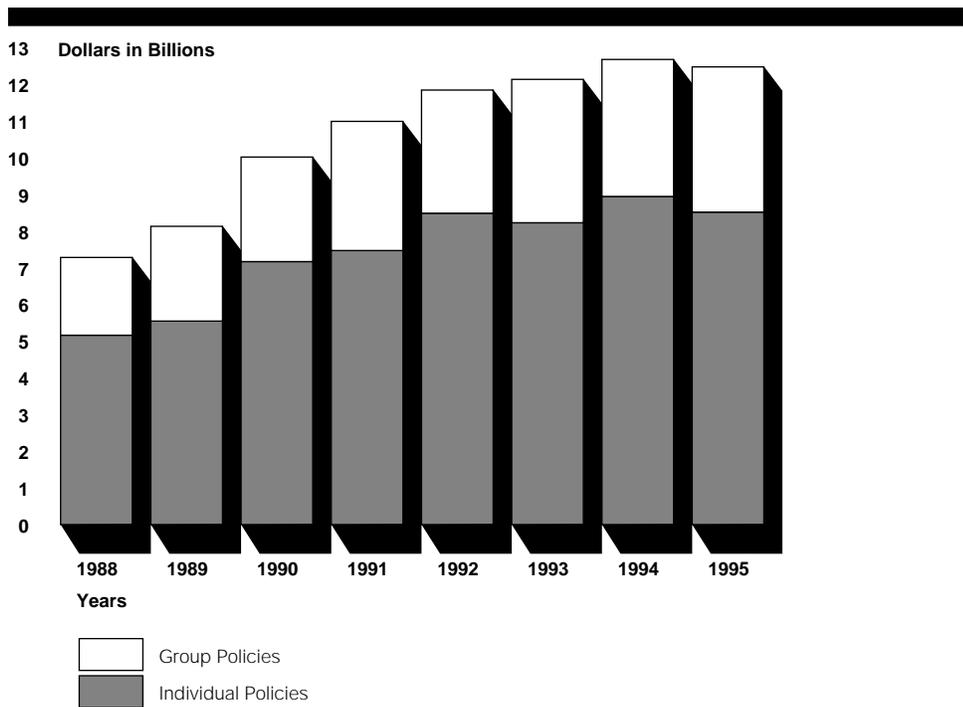
Another factor considered when interpreting loss ratios is the length of time a policy has been in force. The refund methodology for 1994 and 1995 indicates that Medigap loss ratios are expected to meet the federal standard after 3 years, which is the criterion we used.

Overall Medigap Market

In the 1988-95 period, the Medigap insurance market grew from about \$7 billion to over \$12 billion (see fig. 1), but most of that growth had occurred by 1992. From 1988 through 1992, earned premiums increased by more than 50 percent; from 1992 through 1995, growth leveled off with premiums averaging around \$12 billion.

³A state actuary suggested this measure of credibility, which we first used to evaluate loss ratios for 1988. Data that allowed us to use NAIC's method of measuring credibility were first reported for 1994.

Figure 1: Medigap Market, 1988-95



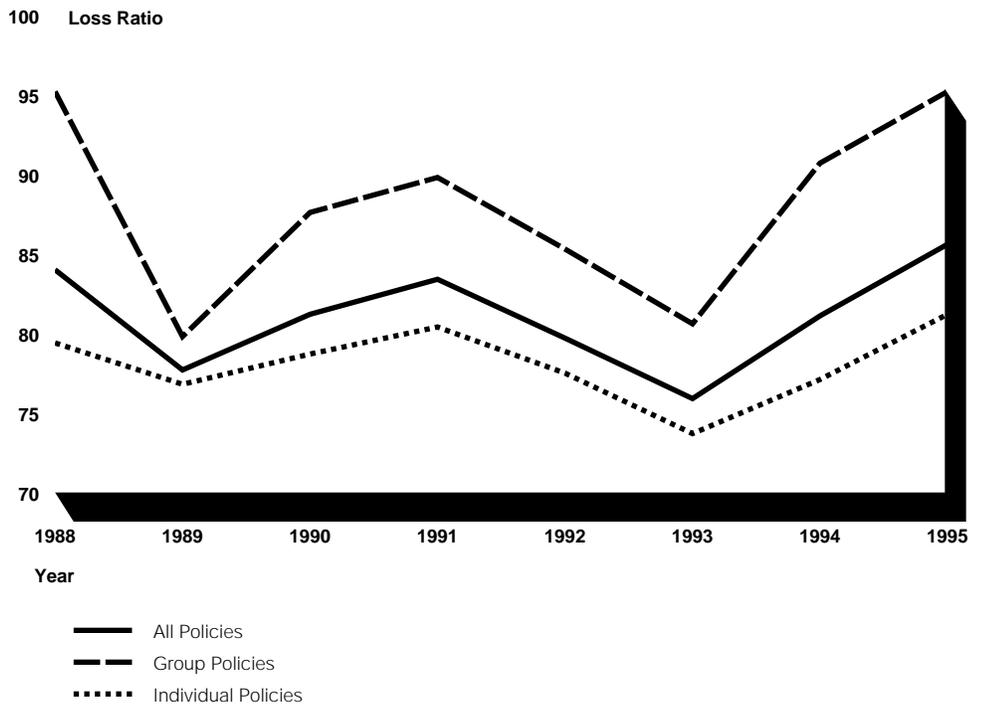
In 1995, 352 insurance companies sold Medigap policies and collected premiums totaling \$12.5 billion with 33 companies each reporting premiums of over \$100 million and accounting for almost 75 percent of the total (see app. II). The Prudential Insurance Company of America, which underwrote the policies sold through the American Association of Retired Persons (AARP), was the largest supplier of Medigap insurance with 23 percent of the market.⁴

The average Medigap loss ratio for all policies was about the same in 1995 (86 percent) as it was in 1988 (84 percent), but average loss ratios exhibited considerable variation, increasing in some years and decreasing in others. For example, average loss ratios increased in 1990 and 1991 followed by 2 years of declining ratios and then 2 years of increases. For the 8-year period, the average loss ratio was 81 percent with a low of 76 percent in 1993 and a high of 86 percent in 1995. The average loss ratios for group policies have varied substantially, ranging from 80 percent in

⁴Effective Jan. 1, 1998, Prudential no longer underwrites the AARP Medigap policies, and its share of the market is expected to decline dramatically. In 1998, United HealthCare Corporation will underwrite the AARP Medigap policies.

1989 to 95 percent in 1995, while those for individual policies during the period have been more stable (see fig. 2).

Figure 2: Average Loss Ratios, 1988-95



In 1995, states differed considerably in average loss ratios. Insurers doing business in Michigan had the highest average loss ratio (107 percent) followed by the District of Columbia (102 percent), Massachusetts (99 percent), Pennsylvania (97 percent), and Maine (96 percent). The five states with the lowest average loss ratios were Nebraska (73 percent), Minnesota (75 percent), Oregon (76 percent), Delaware (76 percent), and Montana (76 percent). Appendix III lists average loss ratios by state. Moreover, loss ratios varied among insurers within a state. In Michigan, for example, average loss ratios for insurers with premiums over \$150,000 ranged from 59.3 to 132.7, and, in Montana, from 29.0 to 108.8.

In 1995, the average loss ratios for the 10 standardized Medigap plans—from the basic Plan A to the top of the line Plan J—ranged from

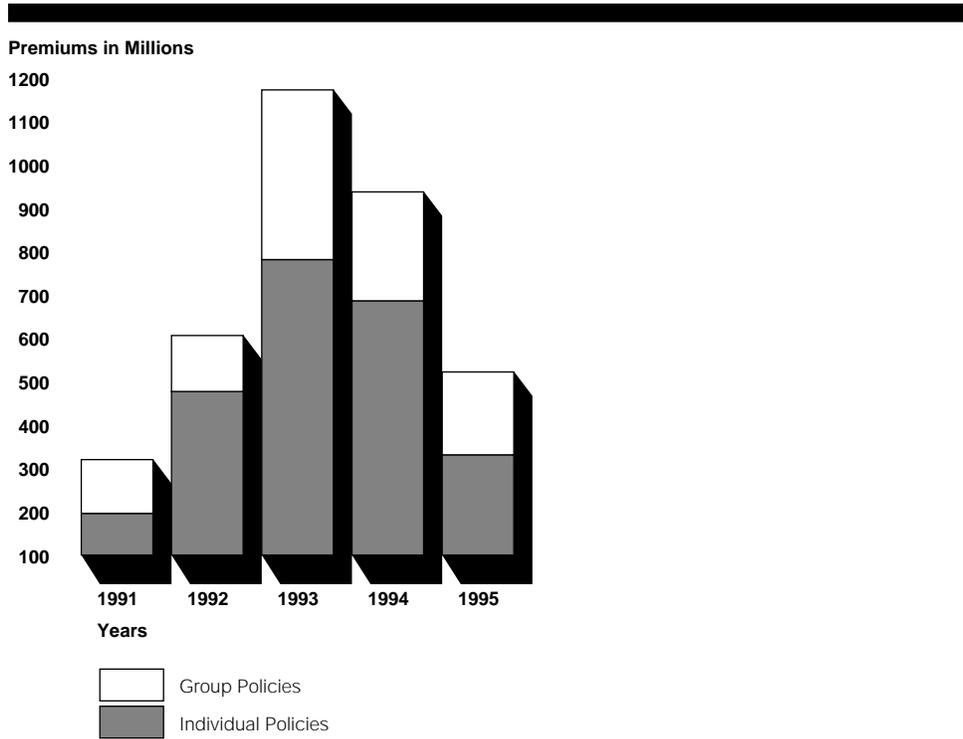
73.8 percent for Plan G, to 102.3 percent for Plan A. The most popular of the plans, Plan F, is more costly and returns less to policyholders in benefits than the nearly identical Plan C. Plan F differs from Plan C only in its coverage of excess physicians' charges—the amounts doctors may bill patients above Medicare's allowed amount, which the law limits to no more than 15 percent. In 1995, Plan F had a nationwide average loss ratio of 75.5 percent; Plan C had an average loss ratio of 89.3 percent. Medicare data show that for over 95 percent of claims, physicians agree to accept Medicare's allowed amount so insurers seldom have to pay for excess charges. Moreover, Plan F had an average loss ratio in 1995 lower than all other plans except Plan G. Appendix IV lists the average loss ratio experience for all 10 Medigap plans in 1995 by state.

Policies Not Meeting Loss Ratio Standards

In 1994 and 1995, most Medigap policies that were at least 3 years old with premiums totaling \$150,000 or more in the applicable state met the federal loss ratio standards. Premiums on credible policies that had been issued 3 or more years ago that failed to meet the minimum federal loss ratio standards increased from \$320 million in 1991 to \$1.2 billion in 1993.⁵ However, premiums for policies that failed to meet the standards decreased to \$937 million in 1994 and to \$522 million in 1995 (see fig. 3).

⁵See *Medigap Insurance: Insurers' Compliance With Federal Minimum Loss Ratio Standards, 1988-93* (GAO/HEHS-95-151, Aug. 23, 1995).

Figure 3: Premiums for Medigap Insurers With Mature and Credible Loss Ratio Experience Below the Minimum Federal Standards, 1991-95



Note: Policies were at least 3 years old, and experience is considered credible when at least \$150,000 was collected annually on a policy in the applicable year within a state.

Using information not previously available in the NAIC loss ratio data tape, we incorporated features of the refund methodology to evaluate the 1994 and 1995 loss ratio data for policies that were at least 3 years old. To estimate the number of policies and associated premiums with loss ratios below standards, we measured credibility using the number of covered lives by policy reported to NAIC.⁶ Under the refund methodology, experience of less than 500 life-years is not considered credible, but 10,000 life-years is considered fully credible. A tolerance adjustment is added to the actual loss ratio on a sliding scale for life-years falling between those

⁶Covered lives should closely approximate life-years. Most policies in force in 1994 and 1995 were prestandardized policies that could not be sold, only renewed, and would have declining numbers of policyholders. We multiplied the number of covered lives in 1994 and 1995 by 3 and compared the result with the 10,000 life-years measure of full credibility. Our method tends to understate the number of policies and premiums with loss ratios below standards because most policies have probably been in effect for longer than 3 years.

two numbers.⁷ In 1994, using covered lives as the measure of credibility, the actual or adjusted loss ratios of 256 of 2,670 policies did not meet the minimum loss ratio standards, and these companies earned \$448 million in premiums on these policies. In 1995, the number of policies not meeting the standards was 141 or 4 percent of the total, and the premiums were \$203 million. Appendixes V and VI identify the policies with loss ratios below the applicable standard, along with their premiums, benefit payments, and loss ratios. Appendix V lists individual policies, and appendix VI lists group policies.

Why Refunds and Credits Were Not Required

In both 1994 and 1995, more than 10,000 different Medigap policies, virtually all of which were standardized policies, were subject to the OBRA 1990 refund provision and were required to send refund calculation forms to state insurance commissioners. In those 2 years, a total of almost 14,000 policies had loss ratios below 65 percent for individual policies and below 75 percent for group policies. However, we identified only two policies that made refunds in 1995. One was a standardized policy sold in Iowa that refunded a total of about \$19,000 to 148 policyholders. The other was a prestandardized plan sold in Virginia that refunded a total of about \$2,000 to 76 policyholders. In follow-up contacts with 15 selected states, we identified only one policy sold in Illinois that refunded a total of about \$123,000 to 3,075 policyholders for 1996.

To determine why policies with loss ratios below the applicable standard in 1994 or 1995 did not have to make refunds, we selected a random sample of these policies with earned premiums under \$1 million and asked the states, the District of Columbia, and Puerto Rico to send us copies of the refund calculation forms for the sample and for all policies with premiums over \$1 million. All except Michigan responded. From the information on these forms, we determined the reasons refunds were not required and projected the results to the universe (see table 1).

⁷For example, 15 percent is added to a policy's loss ratio if the policy has life-years exposed since inception of 500 to 999 and 5 percent if between 5,000 and 9,999.

Table 1: Reasons Insurers Were Not Required to Make Refunds

Reason	Policies with earned premiums less than \$1 million ^a		Policies with earned premiums equal to or greater than \$1 million		Totals
	1994	1995	1994	1995	
Experience not credible— less than 500 life-years since inception	4,389	4,203	7	2	8,601
Cumulative loss ratio since inception exceeded benchmark ratio	353	191	169	116	829
Adjusted ^b cumulative loss ratio since inception exceeded benchmark ratio	0	38	9	5	52
Subtotal	4,742	4,432	185	123	9,482
Not determinable ^c	2,825	1,299	66	13	4,203
Total	7,567	5,731	251	136	13,685

^aThese data were developed from a sample of 150 policies in each year. The sampling errors for estimates from this sample appear in app. I.

^bA tolerance adjustment was added to the experience ratio because the policies covered less than 10,000 life-years. Without the adjustment, a refund would have resulted.

^cStates could not locate or did not receive refund calculation forms, forms were purged from files, and so forth.

About 97 percent of the policies below the loss ratio standards had earned premiums of less than \$1 million. Refunds were not required for most policies because their experience was not considered credible because they had less than 500 life-years since inception. Most of the policies with earned premiums of \$1 million or more did not have to pay refunds because, although their loss ratios in 1994 or 1995 were below standards, their cumulative loss ratio since inception was greater than the benchmark ratio for the year in question. The benchmark ratios were designed with certain assumptions about policy lapse rates and other factors to ensure that the cumulative loss ratio over 15 years was at least equal to the federal loss ratio standards. Because benefit payments are generally low in the first years when policyholders are younger and healthier and increase as they age, benchmark ratios are significantly below the loss ratio standards at first and gradually increase over the years. Because all of the policies subject to the refund provision in 1994 and 1995 were issued within the last 3 or 4 years, they had benchmark ratios below loss ratio standards. In fact, in 1994 and 1995, the highest benchmark ratio for any policy was 58 percent; about 9 out of 10 policies had benchmark ratios under 50 percent.

Conclusions

Millions of Medicare beneficiaries purchased Medigap policies, spending over \$12 billion in 1995. Federal loss ratio standards and refund requirements are the main means of ensuring that Medigap policyholders receive value for their premium dollars. Medigap policies representing most of the premium dollars had loss ratios in 1994 and 1995 that were higher than federal law requires. Most policies with loss ratios below standards in 1994 and 1995 were not considered credible and, thus, were not subject to the refund provision.

The amount of premiums paid for policies with loss ratios below standards has declined substantially from 1993, the last year before the refund provision became effective. The primary reason for requiring refunds and credits is to give insurers incentives to meet loss ratio standards and thereby avoid possibly unfavorable public relations consequences. The relatively low amount of premiums for policies with loss ratios below the standards indicates that the incentive is working.

In commenting on a draft of this report, NAIC officials offered some technical suggestions, which we incorporated where appropriate.

We are sending copies of this report to the governor of each state, NAIC, and interested congressional committees. We will make copies available to others on request.

If you have any questions about this report, please call me at (202) 512-7114. Other major contributors to this report are listed in appendix VII.

Sincerely yours,



William J. Scanlon
Director, Health Financing
and Systems

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Abbreviations

AARP	American Association of Retired Persons
NAIC	National Association of Insurance Commissioners
OBRA	Omnibus Budget Reconciliation Act

Scope and Methodology

We obtained from the National Association of Insurance Commissioners (NAIC) its computerized database of insurance companies' Medigap annual experience exhibits for 1994 and 1995, the latest available when we began our work. In 1994, earned premiums totaled \$12.7 billion for all policies, and, in 1995, earned premiums totaled \$12.5 billion. In the databases we identified policies issued after 1991 and therefore subject to the Omnibus Budget Reconciliation Act of 1990 refund provision. We then identified those policies with loss ratios below the federal loss ratio standards. These policies had earned premiums of about \$1.3 billion in 1994 and \$.7 billion in 1995. We did not test the accuracy of the 1994 database, but we did test the accuracy of the 1995 database and found it to be accurate. Moreover, our prior work has found these databases to be accurate.

To determine why policies with loss ratios below standards were not required to refund premiums or credits, we randomly selected a sample of policies with earned premiums of less than \$1 million and selected all those with premiums of \$1 million or more from the NAIC 1994 and 1995 databases. We asked state insurance commissioners and those for the District of Columbia and Puerto Rico to provide us with copies of all refund calculation forms that insurance companies filed with them for the related policies. All except Michigan responded. However, for about one-third of the policies, we received no refund calculation forms because states could not locate or did not receive the forms or the forms had been purged from the files.

Sampling Errors

The data in the columns of table 1 (on page 10) covering policies with earned premiums under \$1 million represent projections of our sample to the universe of policies in NAIC's databases for 1994 and 1995. Each estimate has a sampling error associated with it. The size of the sampling error reflects the precision of the estimate: The smaller the sampling error, the more precise the estimate. We computed sampling errors for table 1 at the 95-percent confidence level. This means that the chances are about 95 out of 100 that the actual number being estimated falls within the range defined by our estimate, plus or minus the sampling error. Table I.1 shows the sampling errors for table 1.

**Appendix I
Scope and Methodology**

Table I.1: Point Estimates and Sampling Errors for Reasons Insurers Were Not Required to Make Refunds

Reasons	Policies with earned premiums less than \$1 million	
	1994	1995
Experience not credible—less than 500 life-years	4,389 +/- 598	4,203 +/- 406
Cumulative loss ratio since inception exceeded benchmark ratio	353 +/- 255	191 +/- 165
Adjusted cumulative loss ratio since inception exceeded benchmark ratio	0	38 +/- 75
Subtotal	4,742 +/- 586	4,432 +/- 384
Not determinable	2,825 +/- 586	1,299 +/- 384
Total	7,567	5,731

Medigap Insurers With Earned Premiums Over \$100 Million in 1995

Company	Premiums earned
Prudential Insurance Company of America	\$2,909,412,077
Bankers Life & Casualty Company	583,994,554
Empire Blue Cross & Blue Shield	513,517,301
United American Insurance Company	492,021,640
Medical Service Association of Pennsylvania-Pennsylvania Blue Shield	351,268,192
Blue Cross & Blue Shield of Florida	306,959,154
Health Care Service Corporation	287,273,870
Blue Cross & Blue Shield of Virginia	202,943,599
Blue Cross & Blue Shield of North Carolina, Inc.	188,487,954
Blue Cross & Blue Shield of New Jersey, Inc.	186,296,000
Physicians Mutual Insurance Company	185,293,306
Pioneer Life Insurance Company	185,214,357
Mutual of Omaha Insurance Company	175,143,666
Anthem Insurance Companies, Inc.	170,711,535
IASD Health Services Corporation	160,893,393
Blue Cross & Blue Shield of Michigan	157,371,180
Blue Cross & Blue Shield of Alabama	155,281,831
Blue Cross & Blue Shield of Tennessee	151,044,797
Blue Cross & Blue Shield of Connecticut, Inc.	149,054,145
Standard Life & Accident Insurance Co.	143,514,398
Blue Cross & Blue Shield of Kansas, Inc.	133,867,000
Blue Cross of Western Pennsylvania	129,057,724
American Family Life Assurance Company of Columbus, Georgia	124,594,322
Independence Blue Cross	124,266,427
American Republic Insurance Company	115,483,145
State Farm Mutual Automobile Insurance Company	114,522,805
Union Bankers Insurance Company	110,898,191
Blue Cross & Blue Shield of Minnesota, Inc.	108,841,204
Capital Blue Cross	107,847,871
Hartford Life Insurance Company	104,423,624
Arkansas Blue Cross & Blue Shield	103,507,821
Southeastern Group, Inc.	101,438,477
Blue Cross & Blue Shield of Missouri	100,512,129
Total	\$9,134,957,689

Source: Based on NAIC computerized files of Medigap loss ratios in 1995.

Medigap Loss Ratio Experience by State, 1995

Dollars in millions

State	All policies		Individual policies		Group policies	
	Premiums	Loss ratio	Premiums	Loss ratio	Premiums	Loss ratio
Alabama	\$227.3	89.7	\$202.7	88.3	\$24.6	101.2
Alaska	4.6	91.2	1.7	80.5	2.9	97.4
Arizona	133.7	80.1	73.8	71.1	59.9	91.2
Arkansas	124.0	86.6	98.6	82.9	25.4	101.1
California	451.4	88.9	168.8	70.8	282.6	99.7
Colorado	112.8	80.0	72.7	69.7	40.1	98.8
Connecticut	241.6	91.3	158.1	89.3	83.6	95.3
Delaware	34.5	75.7	20.1	69.7	14.4	84.0
District of Columbia	9.7	102.1	4.6	79.9	5.1	122.4
Florida	987.6	84.9	674.1	79.9	313.5	95.5
Georgia	255.0	81.7	165.5	72.4	89.4	98.9
Hawaii	6.5	92.2	3.7	85.9	2.8	100.4
Idaho	62.9	81.9	53.4	81.3	9.5	85.1
Illinois	665.2	82.4	398.2	75.7	267.0	92.3
Indiana	375.6	76.9	300.6	72.3	75.0	95.4
Iowa	275.2	82.6	239.7	81.1	35.6	92.2
Kansas	225.1	89.1	196.2	86.0	28.9	110.5
Kentucky	256.3	83.1	218.1	81.2	38.1	94.2
Louisiana	216.8	83.2	161.1	80.8	55.8	90.4
Maine	79.7	96.3	55.5	99.0	24.2	90.2
Maryland	169.1	83.9	128.6	77.2	40.5	105.3
Massachusetts	64.4	99.1	27.6	99.4	36.7	98.9
Michigan	313.5	106.5	243.5	113.5	69.9	82.0
Minnesota	214.4	74.9	201.9	73.7	12.5	94.3
Mississippi	139.3	80.2	102.7	75.6	36.6	92.9
Missouri	390.7	81.3	298.8	75.6	91.9	99.8
Montana	66.4	76.2	52.6	69.5	13.8	102.1
Nebraska	161.2	72.9	133.6	70.3	27.6	86.0
Nevada	44.8	81.3	24.4	67.5	20.4	97.8
New Hampshire	62.8	82.0	41.0	77.4	21.8	90.5
New Jersey	370.0	93.2	205.0	89.3	165.0	98.0
New Mexico	40.1	78.0	22.1	65.3	18.0	93.6
New York	898.3	89.5	453.3	92.8	445.1	86.1
North Carolina	388.7	84.4	293.1	77.5	95.6	105.3
North Dakota	67.4	79.9	63.4	78.8	4.0	96.3
Ohio	512.3	84.0	326.5	76.6	185.7	97.1

(continued)

**Appendix III
Medigap Loss Ratio Experience by State,
1995**

Dollars in millions

State	All policies		Individual policies		Group policies	
	Premiums	Loss ratio	Premiums	Loss ratio	Premiums	Loss ratio
Oklahoma	179.9	80.5	142.8	76.5	37.1	95.8
Oregon	110.5	75.7	81.9	70.2	28.6	91.3
Pennsylvania	1,035.6	96.6	742.7	94.1	292.9	103.0
Puerto Rico	63.0	85.5	31.5	74.9	31.5	96.2
Rhode Island	86.1	94.9	66.5	91.4	19.6	106.7
South Carolina	154.9	83.1	107.6	76.4	47.3	98.2
South Dakota	70.3	85.4	61.5	85.3	8.8	86.3
Tennessee	316.2	84.7	188.4	79.6	127.8	92.1
Texas	713.5	83.3	376.4	74.5	337.1	93.2
Utah	54.0	84.7	40.8	78.0	13.2	105.5
Vermont	27.0	88.9	17.3	83.7	9.7	98.3
Virginia	344.2	78.6	266.3	75.3	77.9	89.8
Washington	203.5	86.0	150.4	82.9	53.0	94.6
West Virginia	94.7	82.4	57.3	72.7	37.4	97.3
Wisconsin	339.2	78.0	276.5	72.4	62.8	102.6
Wyoming	24.8	80.7	17.8	72.7	7.0	100.8
Total	\$12,466.3	85.7	\$8,511.1	81.2	\$3,955.1	95.2

Source: Based on NAIC computerized files of Medigap loss ratios in 1995.

Loss Ratio Experience for Medigap Standardized Plans With Earned Premiums in Excess of \$500,000, 1995

State	Medigap plans									
	A	B	C	D	E	F	G	H	I	J
Alabama	96.4	91.8	87.8	87.4		71.0				82.2
Alaska						69.5				
Arizona	83.1	76.7	82.5	76.4		73.7	70.3	90.1	69.8	78.1
Arkansas	88.9	73.5	87.6			76.1				
California	93.0	91.4	104.0	92.2	89.0	77.6	86.3	96.9	84.8	82.8
Colorado	79.8	84.1	82.4	67.1		73.4	63.2		71.8	85.5
Connecticut	80.9	93.5	90.2	91.1		81.3	102.1	98.2	83.5	78.5
Delaware		87.6		82.3	83.3				61.1	66.1
District of Columbia	94.6					93.0				
Florida	81.2	87.0	88.8	79.4	59.4	78.5	74.0	110.7	80.4	85.2
Georgia	101.1	73.8	86.3	72.2	74.0	68.8	71.6		78.2	77.9
Hawaii	96.4					86.0				
Idaho	61.2		81.3			84.7	75.7			91.3
Illinois	80.8	83.5	86.0	88.1	84.4	75.3	68.6	94.5	79.0	84.5
Indiana	78.3	85.6	84.2	75.6	80.0	71.8	69.2	90.1	83.7	85.8
Iowa	63.9	77.2	98.5	80.3	90.4	76.2	60.7		80.3	92.6
Kansas	133.1	71.8	92.2	88.6		88.9			82.3	75.5
Kentucky	75.3	71.5	86.6	77.5		71.8	62.2	96.4	80.8	88.5
Louisiana	124.7	86.2	88.3	63.6		74.2	57.8		70.6	66.6
Maine		92.9	100.3			80.5			82.3	75.8
Maryland	74.6	83.9	82.9	79.1		73.6	78.6		66.6	76.3
Massachusetts ^a										
Michigan	131.8	80.6	81.9	63.9		67.7	59.1		66.4	71.0
Minnesota ^a										
Mississippi	121.2	69.7	79.7	100.9		74.3			68.6	100.3
Missouri	71.5	72.2	86.7	77.9		69.7	71.2	101.3	65.8	73.8
Montana	61.5	62.0	72.4		61.2	64.1				70.1
Nebraska	71.7	73.8	73.0			69.2			77.0	66.1
Nevada	86.2	81.0	83.9			74.7			78.2	78.5
New Hampshire			85.3	74.1		77.3		77.4		64.4
New Jersey	90.4	101.6	102.3	95.1	80.8	91.9	94.5	100.8	76.5	75.4
New Mexico	71.9	77.3	81.0			66.4			67.1	79.5
New York	87.7	95.2	94.1	101.9	77.5	80.9	74.2	95.0	79.9	61.6
North Carolina	107.9	88.1	85.0	80.0	71.0	72.3	77.5	91.4	71.1	70.2
North Dakota			70.0			82.9				
Ohio	80.2	81.5	83.6	79.1	83.4	76.0	74.6	83.5	73.0	81.3
Oklahoma	90.6	76.0	82.2	82.0		70.8	80.9		71.8	78.1

(continued)

**Appendix IV
Loss Ratio Experience for Medigap
Standardized Plans With Earned Premiums
in Excess of \$500,000, 1995**

State	Medigap plans									
	A	B	C	D	E	F	G	H	I	J
Oregon	78.5	67.4	79.1			67.5			82.3	76.8
Pennsylvania	104.0	87.8	95.7	78.0	80.9			99.0		89.7
Puerto Rico			76.1							
Rhode Island	95.6		92.2			100.6				
South Carolina	143.5	85.2	82.5	86.1		76.0	68.0		89.5	77.6
South Dakota			75.9			74.5				109.0
Tennessee	83.9	69.3	77.0	75.0		69.8	63.4	91.8	79.0	77.0
Texas	114.3	90.0	86.5	78.8	85.0	71.6	74.0	89.5	91.2	78.0
Utah	91.8	84.8	78.6			75.9			73.2	75.2
Vermont			80.0							
Virginia	82.7	76.9	88.8	83.6		68.5	79.0		74.1	72.3
Washington	91.9	90.5	90.7	61.9	74.7	73.0			78.6	87.1
West Virginia	88.5	76.6	81.2			72.7			74.6	76.7
Wisconsin ^a										
Wyoming			80.0			78.2				79.0
Average loss ratio	102.3	89.8	89.3	82.5	78.4	75.5	73.8	95.4	78.7	78.5

^aStates had alternate Medigap standardized programs in effect before the federal legislation standardizing Medigap was enacted and have waivers from this requirement.

Source: Based on NAIC computerized files of Medigap loss ratios in 1995.

Medigap Insurers With Loss Ratio Experience Below the Minimum Standard for Individual Policies, 1994 and 1995

State/company	Policy number	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Alabama							
None							
Alaska							
None							
Arizona							
American Travellers Life Ins. Co.	ATL-RMS-87				\$254,769	\$109,626	58.0
Bankers Life & Casualty Co.	GR-A002	\$551,087	\$253,657	56.0			
Continental General Ins. Co.	323	268,987	108,699	55.4			
United American Ins. Co.	09				1,043,636	485,251	56.5
Arkansas							
Providential Life Ins. Co.	191	632,178	308,301	58.8			
California							
Colonial Penn Life Ins. Co.	3-82-855	774,060	357,978	56.2			
Federal Home Life Ins. Co.	NAC 9900	1,648,463	698,466	52.4			
	NAC 9901	914,453	373,962	50.9			
Medico Life Ins. Co.	489	390,964	108,198	42.7			
National Foundation Life Ins. Co.	MS3-89-P	649,199	271,298	56.8			
	MS4-89-P	835,733	300,596	51.0			
Pioneer Life Ins. Co. of Illinois	9279	4,600,129	2,519,418	59.8			
United American Ins. Co.	04	10,037,925	5,924,234	59.0			
	07	8,524,635	4,581,197	53.7			
	09	12,293,232	7,192,260	58.5			
	15	5,299,393	2,913,797	60.0			
Colorado							
American Travellers Life Ins. Co.	H-87				589,328	250,052	52.4
Bankers Life & Casualty Co.	GR-75R	2,076,416	1,089,585	60.0			
Continental General Ins. Co.	323	267,167	99,533	52.3			
Mutual of Omaha Ins. Co.	M174 ET AL	264,251	105,410	54.9			
Connecticut							
Gerber Life Ins. Co.	MS-90,91 CT				936,066	438,883	56.9
Delaware							
Blue Cross & Blue Shield of Delaware, Inc.	Secure-65 Plus	737,992	323,461	53.8			
District of Columbia							
None							
Florida							

(continued)

**Appendix V
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Individual Policies, 1994 and 1995**

State/company	Policy number	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Continental General Ins. Co.	324	364,024	163,728	60.0			
Gerber Life Ins. Co.	MS-901, 902,912-FL				2,298,740	1,084,046	54.7
Mutual of Omaha Ins. Co.	M122 ET AL	1,445,512	716,537	57.1			
State Farm Mutual Automobile Ins. Co.	97049	2,582,323	1,414,192	59.8			
Georgia							
American Family Life Asr. Co. Columbus	A-1940F				512,476	249,987	58.8
Atlantic American Life Ins. Co.	2083	540,568	243,252	60.0			
Humana Ins. Co.	GMSIC2	3,788,454	2,189,103	57.8			
New Era Life Ins. Co.	H-0018F	477,122	127,397	36.7			
	H-0020C	105,730	36,684	49.7			
State Farm Mutual Automobile Ins. Co.	97049	253,145	111,567	59.1			
Union Bankers Ins. Co.	H707				2,453	223	19.1
Hawaii							
None							
Idaho							
Bankers Life & Casualty Co.	GR-75R	2,670,438	1,296,083	56.0			
	GR-A002	809,696	380,670	57.0			
	GR-A020	219,010	97,555	59.5			
Illinois							
American Family Life Asr. Co. Columbus	A-19200	524,288	256,416	58.9			
Bankers Life & Casualty Co.	GR-75R	8,995,376	5,012,275	55.7			
	P1-56566	756,513	320,965	52.4			
	P1-67720	1,753,719	775,198	51.7			
Continental General Ins. Co.	323	401,446	151,639	52.8			
	332	286,993	127,070	59.3	230,945	88,787	53.4
Country Life Ins. Co.	MS-400	639,006	312,697	58.9			
Guarantee Trust Life Ins. Co.	82000	65,911	26,341	55.0			
Mutual of Omaha Ins. Co.	2CMO ET AL	532,326	198,633	52.3	449,009	155,006	49.5
	M4 ET AL	976,846	481,357	59.3			
Mutual Protective Ins. Co.	990	439,000	189,871	58.3			
Indiana							
Atlantic American Life Ins. Co.	2083	734,548	350,161	57.7			
Bankers Life & Casualty Co.	GR-75R	9,790,979	5,512,606	56.3	8,404,873	4,827,005	57.4
Mutual of Omaha Ins. Co.	M154 ET AL	400,534	165,353	51.3	414,314	171,172	51.3

(continued)

**Appendix V
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Individual Policies, 1994 and 1995**

State/company	Policy number	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Union Bankers Ins. Co.	H605				269,862	37,783	29.0
	H722				364,034	48,487	23.3
	H740				380,571	43,599	21.5
Iowa							
Aid Association for Lutherans	4952	245,493	95,783	54.0			
American Family Life Asr. Co. of Columbus	A-19200	599,311	297,342	59.6			
American Republic Ins. Co.	A-3041	1,774,136	959,112	59.1			
Bankers Life & Casualty Co.	GR-75R	9,242,319	5,096,791	55.1			
Continental General Ins. Co.	323	324,503	123,717	53.1	281,800	112,124	54.8
New York Life Ins. Co.	8145	306,374	130,373	57.6			
Kansas							
American General Life & Acc. Ins. Co.	6001 M-2	177,235	72,671	56.0			
Continental General Ins. Co.	323	260,364	112,221	58.1			
Federal Home Life Ins. Co.	NAC 9981	640,824	305,628	57.7			
Kentucky							
Community Mutual Ins. Co.	PD010	169,566	72,632	57.8			
State Farm Mutual Automobile Ins. Co.	97049	245,285	94,807	53.7			
Louisiana							
Bankers Life & Casualty Co.	GR-A020	668,636	298,509	54.6			
Colonial Penn Life Ins. Co.	4-82-595	3,010,145	1,546,587	56.4			
New Era Life Ins. Co.	H-0020C				358,518	166,566	56.5
Providential Life Ins. Co.	191	357,806	156,282	58.7			
United American Ins. Co.	07 09	1,082,673	524,979	58.5	548,539	165,943	45.3
Maine							
None							
Maryland							
None							
Massachusetts							
None							
Michigan							
Auto-Owners Life Ins. Co.	50277 (1-90)				201,445	88,778	59.1
Continental General Ins. Co.	324	217,372	96,866	59.6			
Mutual of Omaha Ins. Co.	M129 ET AL	607,734	297,234	58.9			
Minnesota							

(continued)

**Appendix V
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Individual Policies, 1994 and 1995**

State/company	Policy number	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Aid Association for Lutherans	4952MN	386,658	152,325	54.4			
American Republic Insurance Co.	A-2994	556,162	251,958	55.3	445,623	191,022	52.9
Bankers Life & Casualty Co.	GR-75R GR-A002	6,799,649 3,333,944	3,520,884 1,737,720	51.8 57.1	5,121,397	2,967,101	57.9
Combined Ins. Co. of America	000014970				203,093	90,591	59.6
Continental General Ins. Co.	316 326	264,207 679,899	114,167 245,775	58.2 46.1	539,459	226,171	51.9
Medico Life Ins. Co.	489				656,529	308,809	57.0
State Farm Mutual Automobile Ins. Co.	97049	384,528	155,467	50.4	354,298	171,749	58.5
United American Ins. Co.	09 10 16	1,244,620 434,205	591,745 192,774	57.5 59.4	557,850	240,428	58.1
Mississippi							
Bankers Life & Casualty Co.	GR-A020				705,045	348,873	59.5
Humana Ins. Co.	GMSIC2	582,136	215,716	47.1			
New Era Life Ins. Co.	H-0020C	133,983	46,351	49.6			
Missouri							
Blue Cross & Blue Shield of Missouri	MC-1 UC-24	1,054,658 9,245,289	515,006 5,412,403	56.3 58.5	15,681,894	8,370,945	53.4
Healthy Alliance Life Ins. Co.	MC-1 UC-24	736,248 6,652,385	321,633 3,880,206	51.2 58.3			
Old American Ins. Co.	ID3044	189,234	80,172	57.4			
Montana							
Bankers Life & Casualty Co.	GR-75R	2,245,238	1,031,884	53.5			
Federal Home Life Ins. Co.	NAC 7500	656,327	311,862	57.5			
Nebraska							
Aid Association for Lutherans	4952	457,028	202,694	54.4			
American Family Mutual Ins. Co.	H(65)	353,638	171,052	58.4	364,213	174,812	58.0
Bankers Fidelity Life Ins. Co.	2083	406,373	175,098	58.1			
Bankers Life & Casualty Co.	GR-75R	2,728,864	1,457,829	58.4	2,323,523	1,189,446	58.7
Blue Cross & Blue Shield of Nebraska	9703(I); 9708,17,09(G)	375,143	159,527	52.5			
Central States H & L Co. of Omaha	286	413,637	171,327	56.4			
Colonial Penn Life Ins. Co.	4-82-595	374,790	163,099	58.5			
Continental General Ins. Co.	323 332	1,302,896 396,563	456,541 141,030	42.5 50.6	1,027,787 340,702	431,607 131,948	52.0 53.7

(continued)

**Appendix V
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Individual Policies, 1994 and 1995**

State/company	Policy number	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Mutual of Omaha Ins. Co	M169 ET AL	320,982	137,139	52.7			
	M4 ET AL	553,075	248,291	59.9			
Nevada							
None							
New Hampshire							
None							
New Jersey							
None							
New Mexico							
None							
New York							
Gerber Life Ins. Co.	GMS-900	789,503	258,759	42.8			
	MS-870,900				3,275,338	1,430,704	48.7
Mutual of Omaha Ins. Co.	M128 ET AL	2,426,210	1,319,363	59.4			
North Carolina							
American Family Life Asr. Co. of Columbus	A-19000	1,167,638	487,937	49.3			
Bankers Life & Casualty Co.	GR-75R	2,447,092	1,343,193	59.9			
	GR-A002	1,770,432	949,410	58.6			
Colonial Penn Life Ins. Co.	4-82-595	1,350,307	643,863	55.2			
Pioneer Life Ins. Co. of Illinois	9279	236,420	90,125	53.1			
United American Ins. Co.	10	2,443,825	1,304,882	58.4			
	14	623,325	309,545	59.7			
North Dakota							
American Family Mutual Ins. Co.	H(65)				227,795	94,426	56.5
United American Ins. Co.	04	445,923	179,038	55.1			
	07	425,204	185,960	58.7			
	09	509,116	209,197	56.1			
Ohio							
Aid Association for Lutherans	4952	233,530	103,829	59.5			
Colonial Penn Life Ins. Co.	4-82-595	954,729	477,291	60.0			
Community Mutual Ins. Co.	PD010	3,112,202	1,230,385	39.5			
Continental General Ins. Co.	333	281,037	114,324	55.7			
Mutual Protective Ins. Co.	489				299,240	118,288	54.5
New York Life Ins. Co.	8145	516,575	212,759	51.2			
Pioneer Life Ins. Co. of Illinois	9279	1,160,047	597,560	59.0			
Union Bankers Ins. Co.	H740				116,357	23,203	34.9

(continued)

**Appendix V
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Individual Policies, 1994 and 1995**

State/company	Policy number	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Oklahoma							
Bankers Life & Casualty Co.	GR-75R	2,930,813	1,585,632	59.1			
Mutual of Omaha Ins. Co.	M115 ET AL	571,402	241,190	52.2			
	M2 ET AL	1,103,372	542,800	59.2			
Pioneer Life Ins. Co. of Illinois	9161	1,066,713	529,322	59.6			
Standard Life & Accident Ins. Co.	1222	297,480	125,864	57.3			
State Farm Mutual Automobile Ins. Co.	97049	337,961	133,390	49.5			
United American Ins. Co.	15	299,509	109,674	51.6			
Oregon							
Bankers Life & Casualty Co.	GR-75R	3,797,154	1,708,122	50.0	3,080,891	1,577,548	56.2
	GR-A002	1,005,833	503,180	57.5	1,191,699	584,001	56.5
	GR-A020						
Healthguard Services, Inc.	MC-86-1	412,821	194,986	47.2			
	MO1	89,140	38,228	50.4			
	SM 20/20	16,928	6,510	53.5			
	SMSP - 88 - 1	32,585	15,485	57.5			
Mutual of Omaha Ins. Co.	M94 ET AL	354,137	143,975	55.7			
Selectcare Health Plans	GC-85-1				527,446	280,878	58.3
United American Ins. Co.	07				755,382	367,320	58.6
	09	1,002,504	457,293	55.6			
Pennsylvania							
None							
Puerto Rico							
None							
Rhode Island							
None							
South Carolina							
Celtic Life Ins. Co.	MS POL F-SC				1,518	432	38.5
Independent Life & Accident Ins. Co.	MCS 101	100,458	36,745	46.6			
North American Ins. Co.	57	502,875	64,244	27.8			
South Dakota							
Continental General Ins. Co.	323	253,567	97,238	53.3			
Tennessee							
American Family Life Asr. Co. of Columbus	A-19000	907,786	442,544	58.7			
	A-1940F				267,769	106,746	54.9
Atlantic American Life Ins. Co.	2083	623,534	309,567	59.6			

(continued)

**Appendix V
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Individual Policies, 1994 and 1995**

State/company	Policy number	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Bankers Life & Casualty Co.	GR-75R	3,386,612	1,846,805	59.5			
Blue Cross & Blue Shield of Tennessee	GA 4	868,238	237,305	27.3			
Pioneer Life Ins. Co. of Illinois	9279	2,549,858	1,366,304	58.6			
Texas							
American Life & Acc. Ins. Co.	18	108,295	38,688	50.7			
Atlantic American Life Ins. Co.	2083	606,696	233,383	53.5			
Bankers Life & Casualty Co.	GR-75R	9,242,703	4,892,417	52.9	7,757,285	4,320,806	55.7
Cigna Healthcare of Texas Inc.	MSPC-1-1 (ED 4/84)				464,474	139,144	45.0
Colonial Penn Life Ins. Co.	4-82-595	2,261,918	1,141,169	58.0	1,750,849	885,560	58.1
Harvest Life Ins. Co.	MSP-1992F				264,967	115,313	58.5
Medico Life Ins. Co.	489	941,946	455,325	58.3			
Mutual of Omaha Ins. Co.	2CMO ET AL M154 ET AL	640,530 967,588	273,909 472,217	57.8 58.8	483,847	208,892	58.2
Mutual Protective Ins. Co.	489	531,664	233,507	58.9			
New Era Life Ins. Co.	MS-2-82	363,354	161,040	44.3			
Providian Life and Health Ins. Co.	NH 77				1,870,279	944,104	58.0
Union Fidelity Life Ins. Co.	8350	406,984	171,095	57.0			
United American Ins. Co.	07 10 15	3,570,550	1,876,893	57.6	2,230,507 1,902,316	1,163,888 962,612	59.7 58.1
United Teacher Associates Ins. Co.	MS-910101- UTA-TX	2,250,196	1,231,871	59.7			
Utah							
Blue Cross & Blue Shield of Utah	B88365-001/ 3-007	586,325	273,336	56.6			
Vermont							
None							
Virginia							
American Family Life Asr. Co. of Columbus	A-19000 A-19200	1,331,659 773,676	657,518 340,881	56.9 54.1			
Colonial Penn Life Ins. Co.	4-82-595	398,111	179,644	55.1			
Humana Ins. Co.	GMSIC2	1,546,322	696,144	52.5	1,284,150	594,943	53.8
Nationwide Life Ins. Co.	1522	121,949	-985	14.2			
Union Bankers Ins. Co.	H707 H708 H722 H740				115,205 151,712 79,567 133,562	15,758 26,894 20,271 20,531	28.7 27.7 40.5 30.4

(continued)

**Appendix V
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Individual Policies, 1994 and 1995**

State/company	Policy number	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Washington							
Bankers Life & Casualty Co.	GR-75R	3,306,179	1,502,583	50.4	2,606,755	1,364,867	57.4
	GR-A002	587,311	282,746	58.1			
Blue Cross of Washington & Alaska	701-10535	8,206,724	4,735,882	57.7			
Continental General Ins. Co.	324	527,093	244,938	56.5	452,707	218,490	58.3
Federal Home Life Ins. Co.	NAC 7500	415,986	176,388	57.4			
Healthguard Services of Washington	1000	529,713	264,375	59.9			
King County Medical Blue Shield	34200	3,708,545	2,180,112	58.8			
Mutual Protective Ins. Co.	489	1,392,675	724,979	59.6	1,119,435	507,746	55.4
	990	866,654	348,692	50.2	921,003	448,113	58.7
Pierce County Medical Bureau Ins.	1-434-00-00-00-N				10,351	377	18.6
West Virginia							
United American Ins. Co.	09	759,805	373,871	59.2			
Wisconsin							
American Family Mutual Ins. Co.	H65(WI)				5,919,962	3,479,682	58.8
Colonial Penn Life Ins. Co.	4-82-595	3,207,662	1,523,793	55.0	2,330,281	1,200,140	59.0
Mutual of Omaha Ins. Co.	50VB ET AL M40 ET AL	341,678	133,046	53.9	918,719	416,877	55.4
Wyoming							
Bankers Life & Casualty Co.	GR-75R	354,024	156,074	59.1			
Total		\$247,770,816	\$127,459,963		\$88,374,159	\$45,005,374	

Note: Policies are at least 3 years old and had at least 500 covered lives over 3 years.

^aA tolerance adjustment of between 5 and 15 percent is added to the actual loss ratio on a sliding scale for life-years falling between 500 and 9,999.

Source: Based on NAIC computerized files of Medigap loss ratios for 1994 and 1995.

Medigap Insurers With Loss Ratio Experience Below the Minimum Standard for Group Policies, 1994 and 1995

Company	Policy form	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Alabama							
Allianz Life Ins. Co. of North America	GHC215M	\$391,064	\$206,196	67.7			
Providian Life and Health Ins. Co.	NH1380	479,327	262,521	64.8	\$401,380	\$214,042	68.3
Alaska							
None							
Arizona							
Principal Mutual Life Ins. Co.	GC500(D)	305,735	168,663	70.2			
Provident Life & Accident Ins. Co.	F-65872	689,831	438,586	73.6			
Arkansas							
Allianz Life Ins. Co. of North America	GHC215M	342,856	193,845	71.5			
Providian Life and Health Ins. Co.	NH1380	251,983	137,344	69.5			
California							
Allianz Life Ins. Co. of North America	GSC1667	476,719	200,159	57.0	337,987	192,331	71.9
	VAP1008	791,299	439,463	65.5	614,725	343,121	63.3
	VAP1030				557,304	348,048	70.0
	VAP1030A				56,367	26,405	61.8
	VAP1030D				137,803	57,625	56.8
Assured Investors Life Co.	AILCMSSTD POLICY (A7-92)				812,116	397,478	48.9
Calfarm Ins. Co.	GH1000				33,070		5.0
Monumental Life Ins. Co.	MS3000PGM	5,663,358	3,790,945	66.9			
Provident Life & Accident Ins. Co.	F-65872	5,464,829	3,797,927	74.5			
United Teacher Associates Ins. Co.	4006				49,444	27,249	70.1
USAA Life Ins. Co.	AG7001	1,130,817	753,652	74.1			
Colorado							
Allianz Life Ins. Co. of North America	GHC215M				176,012	112,865	74.1
	GSC1054				79,300	35,437	59.7
Hartford Life Ins. Co.	SRP-1261				698,187	455,320	72.7
Monumental Life Ins. Co.	MS3000PGM	346,101	177,584	61.3			
Principal Mutual Life Ins. Co.	GC500(D)	489,172	277,550	71.7			
Connecticut							

(continued)

**Appendix VI
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Group Policies, 1994 and 1995**

Company	Policy form	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Allianz Life Ins. Co. of North America	GHC215M	289,142	126,580	58.8			
Blue Cross & Blue Shield of Connecticut, Inc.	03	5,945,864	4,166,501	70.1			
Delaware							
Blue Cross & Blue Shield of Delaware, Inc.	STANDARD	755,031	324,956	53.0	676,197	328,544	58.6
Prudential Ins. Co. of America	MS-1218				304,978	165,614	69.3
District of Columbia							
Allianz Life Ins. Co. of North America	GSC1849				49,751	19,078	48.3
Florida							
USAA Life Ins. Co.	AG7001	1,368,773	912,242	74.1			
Georgia							
Allianz Life Ins. Co. of North America	GSC1054	257,105	143,683	70.9			
Monumental Life Ins. Co.	MS3000PGM	608,240	361,413	69.4			
Provident Life & Accident Ins. Co.	F-65872	622,238	351,613	66.5	694,296	421,912	70.8
Providian Life and Health Ins. Co.	NH1380	1,106,118	701,523	70.9			
Hawaii							
Hartford Life Ins. Co.	SRP-7318				146,749	67,145	60.8
Idaho							
Allianz Life Ins. Co. of North America	GHC215M				151,438	84,887	71.1
Illinois							
Allianz Life Ins. Co. of North America	GHC215M	440,515	246,360	70.9	363,062	218,093	70.1
Health Care Svc. Corp.	CB 44.7				4,263,510	3,034,816	71.2
	CB 44.8	12,480,518	8,501,670	68.1	12,013,791	8,533,740	71.0
	GB 10-A2.1	54,172,413	34,802,571	64.2			
	GB 10-A2.2	12,565,733	8,355,201	66.5	12,390,762	8,111,554	65.5
Preferred Life Ins. Co. of New York	GSC1014PL				250,736	4,513	16.8
Principal Mutual Life Ins. Co.	GC500(D)	1,384,368	911,014	73.3			
Providian Life and Health Ins. Co.	NH1380	1,099,543	736,768	74.5			
Indiana							

(continued)

**Appendix VI
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Group Policies, 1994 and 1995**

Company	Policy form	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Allianz Life Ins. Co. of North America	GHC215M	224,407	100,801	54.9			
Monumental Life Ins. Co.	MS3000PGM	394,623	220,272	65.8			
Providian Life and Health Ins. Co.	NH1380	659,274	372,611	66.5	576,815	329,376	67.1
Iowa							
Allianz Life Ins. Co. of North America	GHC215M				128,840	62,813	63.8
	GSC1054	283,967	28,332	25.0			
Principal Mutual Life Ins. Co.	GC500(D) GC500(D-MSP)	13,231,991	8,777,438	66.3			
					197,767	86,602	58.8
Kansas							
None							
Kentucky							
Allianz Life Ins. Co. of North America	GHC215M				144,266	71,372	64.5
Providian Life and Health Ins. Co.	NH1380	285,448	156,556	69.8			
Louisiana							
Allianz Life Ins. Co. of North America	GHC215M	403,342	254,408	73.1			
Hartford Life Ins. Co.	SRP-1261	549,600	302,679	62.6			
Maine							
Assoc. Hospital Service of Maine	028073 028760				7,570,439 532,198	1,399,346 309,672	18.5 68.2
Maryland							
Allianz Life Ins. Co. of North America	GHC215M	535,523	166,954	41.2	454,686	207,020	53.0
Hartford Life Ins. Co.	SRP-1261	711,030	465,802	73.0	670,287	371,099	62.9
Massachusetts							
Allianz Life Ins. Co. of North America	GHC215M	456,999	280,314	68.8	426,792	249,120	68.4
Provident Life & Accident Ins. Co.	F-65872	393,986	207,927	67.8			
Michigan							
Allianz Life Ins. Co. of North America	GHC215M				168,638	100,265	74.5
Union Labor Life Ins. Co.	610400	182,955	102,064	70.8			
Minnesota							

(continued)

**Appendix VI
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Group Policies, 1994 and 1995**

Company	Policy form	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Allianz Life Ins. Co. of North America	GHC215M	210,672	90,240	57.8	147,853	63,827	58.2
Preferred Life Ins. Co. of New York	GSC1014PL				145,662	6,033	19.1
Prudential Ins. Co. of America	1	8,937,885	5,445,478	60.9			
Mississippi							
Allianz Life Ins. Co. of North America	GHC215M				340,596	209,011	71.4
Providian Life and Health Ins. Co.	NH1380				358,578	188,534	67.6
Missouri							
Allianz Life Ins. Co. of North America	GHC215M				395,011	237,921	70.2
Blue Cross & Blue Shield of Missouri	C-60	1,277,456	948,182	74.2			
	UC-24	1,524,899	914,031	64.9			
Fidelity Security Life Ins. Co.	M00057				246,798	139,038	71.3
Hartford Life Ins. Co.	SRP-7318	475,439	272,092	64.7			
Providian Life and Health Ins. Co.	NH1380	826,958	482,015	68.3	666,400	370,817	65.6
Montana							
None							
Nebraska							
Principal Mutual Life Ins. Co.	GC500(D)	6,926,660	4,901,814	70.8			
Nevada							
None							
New Hampshire							
Blue Cross & Blue Shield of New Hampshire	061.065				453,166	250,048	70.2
	061.067				5,285,447	3,755,879	71.1
Prudential Ins. Co. of America	1	6,773,665	3,633,237	53.6			
New Jersey							
Allianz Life Ins. Co. of North America	GHC215M	466,634	231,410	59.6			
Colonial Penn Franklin Ins. Co.	10-82-460	245,645	135,172	65.0	239,876	145,855	70.8
Providian Life and Health Ins. Co.	NH 910	359,811	143,756	55.0			
	NH1380	894,015	501,079	66.0	787,284	442,290	66.2
Union Labor Life Ins. Co.	610400	328,668	182,038	70.4			
New Mexico							
Allianz Life Ins. Co. of North America	GHC215M				110,336	65,178	74.1

(continued)

**Appendix VI
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Group Policies, 1994 and 1995**

Company	Policy form	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Monumental Life Ins. Co.	MS3000PGM	192,566	110,334	72.3			
New York							
Allianz Life Ins. Co. of North America	GHC215M	363,481	148,642	55.9	290,138	151,843	62.3
Empire Blue Cross & Blue Shield	MS-MMR	4,693,644	3,004,643	69.0			
Hartford Life Ins. Co.	SRP-1261 SRP-1265	87,366	39,123	59.8	682,169	397,378	65.8
International Life Investors Ins. Co.	ILI- GP21050MG				1,288,664	763,485	66.7
Monumental Life Ins. Co.	MS3000PGM	512,008	255,461	59.9			
Prudential Ins. Co. of America	G-36000-4 MOVERS				33,238,249 3,241,142	24,235,031 1,712,339	72.9 57.8
Union Labor Life Ins. Co.	610400	811,688	518,807	73.9			
North Carolina							
Allianz Life Ins. Co. of North America	GHC215M	812,412	478,149	68.9	787,196	502,037	71.3
Group Hospitalization & Med. Svcs.	SU65-0792	2,935,675	1,389,933	52.3			
Provident Life & Accident Ins. Co.	F-65872				548,042	321,002	73.6
Providian Life and Health Ins. Co.	NH1380	1,429,252	790,516	62.8	1,210,935	715,871	66.6
North Dakota							
None							
Ohio							
Allianz Life Ins. Co. of North America	GHC215M	290,496	141,423	63.7			
Colonial Penn Franklin Ins. Co.	10-82-460	374,958	239,496	73.9			
Monumental Life Ins. Co.	MS3000PGM	1,621,312	1,054,044	72.5	1,394,377	966,755	74.3
Nationwide Life Ins. Co.	GR-11000	4,351,534	2,953,679	67.9			
Provident Life & Accident Ins. Co.	F-65872				1,251,335	810,139	74.7
Providian Life and Health Ins. Co.	NH 910 NH1380	353,175 1,334,675	209,255 812,948	74.2 68.4	1,131,632	712,063	70.4
Oklahoma							
Allianz Life Ins. Co. of North America	GHC215M				260,903	143,428	65.0
Providian Life and Health Ins. Co.	NH1380	417,232	233,919	71.1	337,658	132,977	54.4

(continued)

**Appendix VI
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Group Policies, 1994 and 1995**

Company	Policy form	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
Oregon							
Monumental Life Ins. Co.	MS3000PGM	244,888	141,621	72.8	203,644	106,495	67.3
Pennsylvania							
Providian Life and Health Ins. Co.	NH1380	1,366,559	780,163	64.6	1,133,490	730,681	72.0
Puerto Rico							
None							
Rhode Island							
Allianz Life Ins. Co. of North America	GHC215M				123,377	62,845	65.9
Prudential Ins. Co. of America	G-36000-4				122,633	71,746	73.5
South Carolina							
Allianz Life Ins. Co. of North America	GHC215M	408,976	252,948	71.8			
Monumental Life Ins. Co.	MS3000PGM	214,110	114,691	68.6			
South Dakota							
None							
Tennessee							
Allianz Life Ins. Co. of North America	GSC1054 GHC215M	193,514 783,372	85,016 461,157	58.9 68.9	140,263	65,902	57.0
Blue Cross & Blue Shield of Tennessee	85	1,418,768	899,416	70.9	1,523,880	986,299	72.2
Memphis Hospital Svc. & Surg. Asn., Inc.	BC65-CO-051	256,710	126,073	64.1			
Monumental Life Ins. Co.	MS3000PGM				599,087	376,008	72.8
Principal Mutual Life Ins. Co.	GC500(D)				222,436	132,083	74.4
Providian Life and Health Ins. Co.	NH1380	907,211	524,052	67.8	750,492	449,652	69.9
Texas							
Allianz Life Ins. Co. of North America	D603	125,838	68,428	69.4			
Blue Cross & Blue Shield of Texas, Inc.	ST-II(B)-1				175,543	89,496	66.0
Business Mens Assurance Co. of America	GR 838-1				82,426	23,087	43.0
Monumental Life Ins. Co.	MS3000PGM	2,018,926	1,176,262	63.3			
Principal Mutual Life Ins. Co.	GC500(D)TX	3,086,365	2,000,690	72.3			
USAA Life Ins. Co.	AG7001	1,690,988	1,126,987	71.6			
Utah							

(continued)

**Appendix VI
Medigap Insurers With Loss Ratio
Experience Below the Minimum Standard
for Group Policies, 1994 and 1995**

Company	Policy form	1994			1995		
		Premiums	Claims	Actual or adjusted loss ratio ^a	Premiums	Claims	Actual or adjusted loss ratio ^a
None							
Vermont							
None							
Virginia							
Allianz Life Ins. Co. of North America	GHC215M GSC1054	2,267,636	1,055,080	51.5	1,831,925 92,682	1,105,616 42,809	60.4 61.2
Monumental Life Ins. Co.	MS3000PGM	852,300	563,155	73.6			
Providian Life and Health Ins. Co.	NH 910 NH1380	307,993 1,541,933	148,361 973,863	63.2 70.7	1,346,901	882,312	73.0
Washington							
Allianz Life Ins. Co. of North America	GHC215M GSC1054	1,105,510	698,292	70.7	1,139,500 89,213	681,572 46,357	64.8 67.0
Hartford Life Ins. Co.	SRP-1261				1,129,627	673,858	64.7
Provident Life & Accident Ins. Co.	F-65872	316,479	173,401	69.8			
Providian Life and Health Ins. Co.	NH1380	291,188	155,462	68.4	230,888	109,612	62.5
West Virginia							
Hartford Life Ins. Co.	SRP-7318	99,418	55,145	70.5			
Mountain State Blue Cross & Blue Shield	ED214 ED215	902,906	489,823	64.2	1,152,647 964,531	708,483 596,669	71.5 71.9
Providian Life and Health Ins. Co.	NH1380	681,900	422,690	72.0			
Wisconsin							
Allianz Life Ins. Co. of North America	GHC215M	247,899	130,692	67.7	228,983	135,113	69.0
Provident Life & Accident Ins. Co.	F-65872	561,191	317,123	71.5			
Wyoming							
None							
Total		\$199,954,296	\$126,124,195		\$114,253,308	\$71,901,976	

Note: Policies are at least 3 years old and had at least 500 covered lives over 3 years.

^aA tolerance adjustment of between 5 and 15 percent is added to the actual loss ratio on a sliding scale for life-years falling between 500 and 9,999.

Source: Based on NAIC computerized files of Medigap loss ratios for 1994 and 1995.

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